



September 19, 2006

EVERGREEN COMMUNITY TASK FORCE

c/o Mr. John Baty  
Planning Department  
San Jose City Hall  
200 E. Santa Clara Street  
San Jose, California 95113-1905

Re: **Comments of MapInfo's Rick Domanski to the Evergreen Task Force**

Dear Task Force Members:

At the request of Lunardi's, I presented the findings of the MapInfo's Supermarket study to the Task Force on March 15, 2006, and also answered questions from the Task Force members. I submit this letter to reflect, and supplement, my prior comments and to again convey the conclusions of the MapInfo study that development of a major supermarket at the Community College District property would result in a substantial, and potentially crippling, decline of sales up to **39 percent** at neighboring markets Lunardi's and Cosentino's.

I am the Director of Client Services for MapInfo Corporation (formerly known as Thompson Associates) and have been with this firm since 1990. Prior to joining Thompson Associates, I was the Director of Research for Ralphs Grocery Company/Federated Department Stores for 15 years. Prior to joining Ralphs, I worked for Vons Grocery Company and Real Estate Research Corporation in Los Angeles, California. MapInfo was retained to conduct an independent evaluation of the sales potential for a hypothetical 55,000 square foot chain supermarket at the Evergreen Community College District property located at the corner of Yerba Buena and San Felipe Roads (the "College Site"). The MapInfo study presented to the Task Force uses an almost identical format to virtually every study prepared for supermarket operators across the country. Its analysis was prepared using the "gravity model" that is universally used by nearly every conventional grocery chain in the country.

As part of this study, I surveyed every major supermarket that had derived at least 20 percent of its volume from within this defined trade area for the Evergreen site. Accordingly, this would include all stores located outside this area that were determined to be garnering sales from the inside of this shopping sphere of influence for the Evergreen site. The trade area defined for the Evergreen site was a primary or effective trading area that would account for at least 90% of a grocery store's volume, were it to be deployed at the College Site.

Our study also took into account planned changes to markets in the trade area that were to take effect in 2006, as well as future population growth.


I explained that the College Site is a good supermarket site, given the sale volumes the gravity model projected for the Evergreen location, however, the **success of a major grocery at the College Site would necessarily come at the expense of the two nearest existing stores serving this area, namely Cosentino's and Lunardi's.**

The cumulative trade area sales for all the stores surveyed accounted for about 80% of the trade area's \$2.1 million weekly sales potential and that the remaining 20% was classified as leakage sales, in other words, that grocery-type business not presently going to supermarkets, but to Costco and convenience stores like 7-11 and/or specialty stores such as meat markets. Every trade area defined for any supermarket in the United States has leakage sales comprising from 15% to 25% of any trade area's potential. This segment of the business is not convertible nor transferable to any new operator but for the exception of another sister store like Costco or Sam's.

Therefore, and as I told the Task Force, when a new grocery store, such as the one proposed for the College Site, enters an area, "consumer's bellies don't get bigger", they simply trade business by changing their shopping pattern from, and at the expense of, their original store, for the ease of convenience of another. Therefore, our study concluded that **were the College Site occupied by a strong grocery store operator like a Safeway or Raley's, sales at nearby existing markets Cosentino's and Lunardi's would each be negatively impacted by an estimated 30-39%, causing serious repercussions at either competitor's location.**

Thank you for your consideration of MapInfo's report and my comments.

Sincerely,



Richard A. Domanski  
Director of Client Services

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